PREPARED DIRECT TESTIMONY
OF
WILLIAM G. LIVINGSTONE
ON BEHALF OF
CENTRAL ILLINOIS LIGHT COMPANY
DOCKET NO. 00-0579

00-0579
CILCO
3.0
12/18/00

Q1: Please state your name and business address.

A1: My name is William G. Livingstone and my business address is 300 Liberty St., Peoria, Illinois, 61602.

Q2: By whom are you employed and in what capacity?

A2: I am employed by Central Illinois Light Company (CILCO) as an Energy Trading Representative – Energy Trading.

Q3: Please describe your educational background and work experience.

A3: I was graduated from Illinois Central College in 1981 with an Associates degree in Business Administration. I joined CILCO in 1982 as a plant operator. I have worked in various positions at both of CILCO's coal-fired generating plants, including Maintenance Planner, Plant Operator, Instrument Technician, Plant Storekeeper and Supervisor of Planning and Scheduling. In May 2000 I was accepted into the position I currently hold as an Energy Trading representative.

Q4: What is the purpose of your testimony in this proceeding?

A4: On July 31, 2000 CILCO filed with the Illinois Commerce Commission a proposal to eliminate its electric fuel adjustment clause pursuant to Section 9-220(d) of the Public Utility Act (220 ILCS 5/9-220(d)). As required by Section 9-220(d), information showing both a twelve-month historical period and the twelve-month

projected period that CILCO used as the basis of its filing was submitted to the ICC. The purpose of my testimony is to describe the filing, the load projections used in CILCO's filing and the ENPRO modeling of CILCO's generating resources.

Q5: Please describe CILCO Exhibits 3.1 and 3.2.

A5: CILCO Exhibit 3.1 is a copy of the tariffs CILCO filed with the Commission on July 31, 2000, to eliminate CILCO's FAC. CILCO Exhibit 3.2 is a copy of the assumptions on which CILCO based the projected twelve-month period used to calculate the "reasonable, prudent and necessary jurisdictional power supply costs" to be included in CILCO base rates when the FAC is eliminated. The assumptions contain confidential market information and projections, and Exhibit 3.2 is marked "Confidential."

Q6: How do the proposed tariffs incorporate the projected power supply costs into CILCO's base rates?

A6: CILCO calculated its total power supply costs for the projected period September 2000 through August 2001, and determined the charge per kilowatthour (Kwh) required to recover those costs. CILCO then subtracted the power supply costs already included in CILCO's base rates, to determine the net addition of $0.01255 per Kwh to be added to CILCO's base rates to recover the projected power supply costs. Rather than change each of CILCO's base rate tariffs, CILCO revised its FAC to specify that all base rates to which the fuel adjustment charge was previously applicable would be increased by $0.01255 per Kwh. The effect of this change is to incorporate the total power supply costs in CILCO's base rates.

Q7: Why did CILCO select the future period of September 2000 through August 2001 as

the basis for determining the power supply costs to be included in CILCO's base rates?

A7: Although two of the possible ~~three~~ four historical twelve-month periods calculated under provisions of the Act would have led to a higher amount for inclusion in the base rates, CILCO chose the projected period September to August for several reasons. SO_2 emission allowance costs became a CILCO electric commodity expense beginning in January 2000, so that a historic period could not capture all the allowance costs. Use of a projected period also eliminates the high costs of energy that were incurred during July of 1999. In addition, the future period is a more accurate representation of CILCO's future load requirements. For all these reasons, CILCO elected to use the projected twelve-month period.

Q8: What assumptions were made to forecast load growth at 2.24%?

A8: In order to determine the rate of load growth we used hourly load data from 1996 through 1999. The hourly data was summarized in total monthly load and monthly demand statistics. We limited our data set to the aforementioned years, as they were deemed to be the most representative of current load patterns. Any additional historical periods would be less relevant and adversely impact predicting future load. With this information we were able to determine that annual peak load has grown 2.9% during this period and that total load has grown 2.3% per year. From this annual data we established monthly and seasonal load and demand growth. We also employed an outside firm to supply a forecast of our load and demand by month. These results showed a 2.2% annual increase in load and a 1.6% increase in peak.

The growth rate of 2.24% used in the CILCO filing is the result of these analyses. The range on usage was 2.2 to 2.3%, while the range on demand was 1.6 to 2.9%.

Q9: What is the ENPRO model CILCO refers to when it discusses capacity factor?

A9: The ENPRO model is used to determine unit loading based on forecasted load coupled with an economic dispatch of the CILCO units. The five-year outage rate is used to determine forecasted availability of the units. The model uses inputs on heat rate and fuel costs to calculate the economic values of the units. The model provides generation numbers by unit and purchase power requirements for the system on an hourly basis.

Q10: Does this conclude your prepared direct testimony?

A10: Yes, it does.